

CHILDREN'S HEALTH INSURANCE PROGRAM

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANDSEN

BUDGET BRIEF

SUMMARY

The Analyst's base budget recommendation is \$85,031,400 for Children's Health Insurance Program in FY 2014. This recommendation is \$6,275,000 higher than the revised budget. This includes changes to the CHIP caseload forecast of \$3,800,000 General Fund reduction in FY 2013 and ongoing decrease of \$800,000 General Fund in FY 2014. This funding level supports 13 FTE. This brief highlights some issues in Children's Health Insurance Program as well as some uses of the funding provided. The Subcommittee annually reviews each base budget to propose any changes and to vote to approve it. The Analyst recommends that the Subcommittee approve the \$85,031,400 base budget and the proposed intent language statement.

LEGISLATIVE ACTION

The Analyst recommends that the Social Services Appropriations Subcommittee do the following:

1. Approve a base budget for FY 2014 for Children's Health Insurance Program in the amount of \$85,031,400 with funding as listed in the Budget Detail Table. This includes changes to the CHIP caseload forecast of \$3,800,000 General Fund reduction in FY 2013 and ongoing decrease of \$800,000 General Fund in FY 2014.
2. Approve the intent language included in the brief.

Overview

The [Children's Health Insurance Program](#) (CHIP) provides health insurance coverage to uninsured children up to age 19 living in families whose income is less than 200 percent of the [Federal Poverty Level](#) (FPL). Additionally, eligible children must: (1) not have access to affordable health insurance, (2) not have voluntarily terminated private health insurance within the last 90 days, and (3) be U.S. citizens or legal residents. There is no asset test for CHIP eligibility.

CHIP provides three cost sharing plans based on income, which had the following enrollments as of December 2011: Plan A (14,700 enrollees) up to 100% of FPL, Plan B (14,300 enrollees) between 101% and 150% of FPL and Plan C (8,300 enrollees) between 151% and 200% of FPL.

Figure 1: Health - Children's Health Insurance Program - Budget History

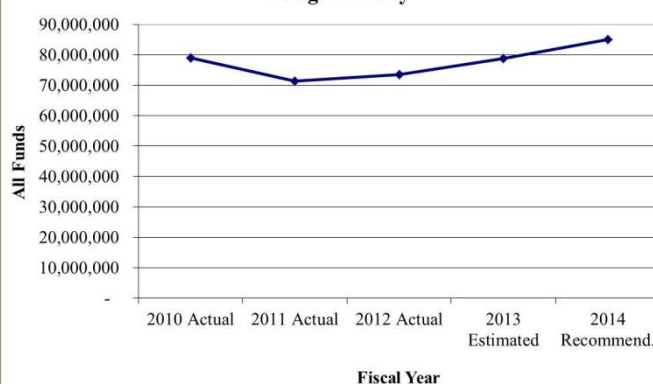


Figure 2: Health - Children's Health Insurance Program - FTE History

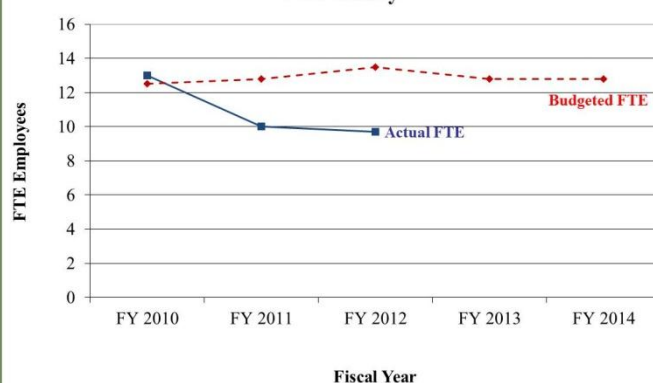
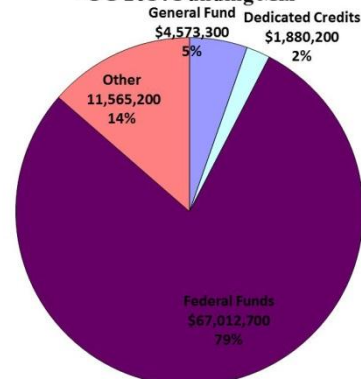


Figure 3: Health - Children's Health Insurance Program - FY 2014 Funding Mix



Federal law limits total cost sharing from clients to 5% of gross income. For more information on cost sharing please visit: <http://health.utah.gov/chip/Adobe%20PDF%20Files/Copaysummary.pdf>. For more information on application criteria please visit: <http://health.utah.gov/chip/howtoapply.htm>. For more detailed budget information please visit the online Compendium of Budget Information for the 2013 General Session at http://le.utah.gov/lfa/reports/cobi2013/LI_LPA.htm. Additionally, UCA 26-40-109(2) requires an annual report available at http://health.utah.gov/medicaid/stplan/LegReports/CHIP_Annual_Report2012.pdf. This line item also contains funding for children in Utah's Premium Partnership for Health Insurance Program.

ISSUES AND RECOMMENDATIONS

The Analyst FY 2014 base budget recommendation is \$85,031,400. This funding level supports 13 FTEs. The three tables above detail budget history for CHIP since FY 2010 as well as the current sources of funding for the program.

Building Block Request included in the Governor's Budget

1. **CHIP Caseload Growth-Inflation** – the consensus forecast is a reduction of \$3,800,000 one-time General Fund (\$18,069,400 total funds) and \$800,000 ongoing General Fund (\$3,829,600 total funds). For more information please see the brief entitled *Medicaid Consensus Forecasting* available at <http://le.utah.gov/interim/2012/pdf/00002730.pdf>. *The fiscal analyst recommends taking this reduction.*
2. **CHIP Affordable Care Act** – the consensus forecast for the costs from mandatory changes to the CHIP program beginning January 2014 is \$2,300,000 ongoing General Fund (\$11,010,100 total fund). For more information please see the brief entitled *Medicaid Consensus Forecasting* available at <http://le.utah.gov/interim/2012/pdf/00002730.pdf>. *Should additional resources become available to the subcommittee, the fiscal analyst would recommend funding this item.*

Utah Ranks 23rd Nationally for Child Health Scorecard

The 2011 Commonwealth Fund State Scorecard on Child Health System Performance (<http://www.commonwealthfund.org/Maps-and-Data/State-Data-Center/Child-Health.aspx>) ranks Utah 23rd nationally. The scorecard has 20 criteria in three categories. These categories are listed below as well as Utah's national rank in that category:

1. Potential to lead healthy lives – 5th
2. Access and Affordability – 17th
3. Prevention and Treatment – 25th

Utah has two criteria where it is best in the nation: percent of children ages 10-17 who are overweight or obese and percent of high school students who currently smoked cigarettes. Utah ranks worst in the nation on percent of children with special health care needs whose families received all needed family support services. The Commonwealth Fund data for the 2011 rankings comes from 2006 through 2009.

ACCOUNTABILITY DETAIL

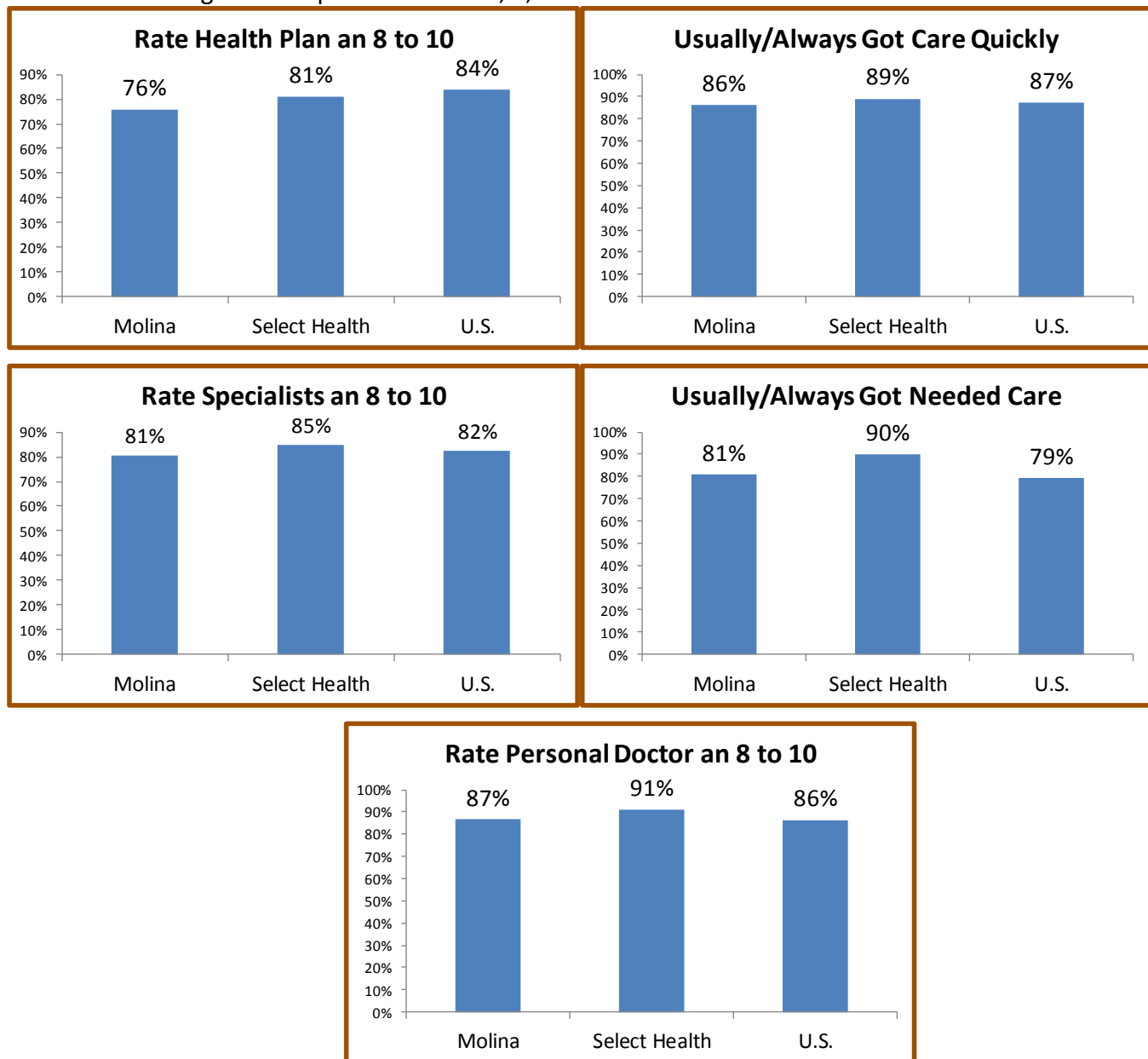
Use of Recent Appropriations

- **Caseload Growth/Inflation (FY 2012):** \$7,114,000 ongoing (\$1,422,800 General Fund) for estimated caseload growth at 2% as well as annual per member per month cost increases of 9%. Actual growth was a 4% reduction in caseloads and per member per month costs increased 5%.
- **Caseload Growth/Inflation (FY 2013):** \$4,184,500 ongoing (\$880,000 General Fund) for estimated caseload growth at 2.6% as well as annual per member per month cost increases of 6.1%.

- **Tobacco Settlement Monies:** \$1,880,200 ongoing in FY 2013 and \$1,552,300 one-time in FY 2012 to replaced estimated reduced revenues in the Tobacco Settlement Restricted Account. In FY 2012 there was an additional unanticipated shortfall in these revenues of \$234,700 for this line item.

CHIP Performance Measures

As of December 2012 CHIP had 35,420 clients in one of two health plans. Select Health had 19,930 or 56% of clients and Molina had 15,490 or 44% of clients on a full-risk contract. Below are some performance measures from client surveys of FY 2011 CHIP providers as compared to national averages. The full reports can be found at <http://health.utah.gov/myhealthcare/report/cahps/2011/>. The three charts where clients rated their service are explained by the report with: "The...survey asked members to rate different characteristics of their health plan on a scale of 0 ("worst plan possible") to 10 ("best plan possible"). The charts below show the percentage of members who gave their plan a score of 8, 9, or 10."



Select Health ranked higher than Molina in each of the five measures. Molina ranked higher than the U.S. average in two of the five measures.

CHIP FY 2012 Expenditure and Enrollment Overview

In FY 2012, the average monthly cost per child was \$161. Approximately 69 percent of CHIP children live in Davis, Salt Lake, Weber, and Utah counties. Approximately 13 percent of children eligible for CHIP became eligible for Medicaid in 2012.

Caseloads in Utah's Premium Partnership for Health Insurance

Caseloads for Utah's Premium Partnership for Health Insurance went from 257 in FY 2011 to 205 children in FY 2012, a decrease of 20%. The program has ongoing efforts to encourage people to apply for the program. This program pays monthly up to \$120 per child to pay the premiums of qualifying employee-sponsored health insurance. Additionally, another \$20 per month per child can be obtained for employee-sponsored dental coverage. About 80% of participating children receive both subsidies. Children who qualify can live in families that make up to 200% of the Federal Poverty Level (\$3,800 monthly for a family of 4 in 2012).

Intent Language – Similar to Last Year

Under Section 63J-1-603 of the Utah Code the Legislature intends that appropriations provided for the Children's Health Insurance Program in Item 88 of Chapter 416 Laws of Utah 2012 not lapse at the close of Fiscal Year 2013. The use of any nonlapsing funds is limited to caseload and utilization increases.

BUDGET DETAIL

In FY 2012 CHIP spent \$0.09 of every \$1 on administration for the costs of the Departments of Health and Workforce Services. Premiums, shown as dedicated credit revenue, covered about 3% of the program's costs.

Health - Children's Health Insurance Program						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
General Fund	1,915,800	5,373,300	0	5,373,300	(800,000)	4,573,300
General Fund, One-time	3,041,100	0	(3,800,000)	(3,800,000)	3,800,000	0
Federal Funds	57,855,300	67,788,600	(7,047,000)	60,741,600	6,271,100	67,012,700
Dedicated Credits Revenue	2,014,300	2,010,200	0	2,010,200	(130,000)	1,880,200
GFR - Tobacco Settlement	10,821,400	11,482,800	0	11,482,800	0	11,482,800
Transfers - Within Agency	79,500	82,100	300	82,400	0	82,400
Transfers - Workforce Services	0	300	(300)	0	0	0
Beginning Nonlapsing	649,300	0	2,866,100	2,866,100	(2,866,100)	0
Closing Nonlapsing	(2,866,100)	0	0	0	0	0
Total	\$73,510,600	\$86,737,300	(\$7,980,900)	\$78,756,400	\$6,275,000	\$85,031,400
Programs						
Children's Health Insurance Program	73,510,600	86,737,300	(7,980,900)	78,756,400	6,275,000	85,031,400
Total	\$73,510,600	\$86,737,300	(\$7,980,900)	\$78,756,400	\$6,275,000	\$85,031,400
Categories of Expenditure						
Personnel Services	1,139,200	1,110,400	163,500	1,273,900	32,700	1,306,600
In-state Travel	2,700	4,200	(2,100)	2,100	1,200	3,300
Out-of-state Travel	11,800	16,100	(100)	16,000	(11,900)	4,100
Current Expense	982,800	266,500	577,300	843,800	(82,800)	761,000
DP Current Expense	43,400	(218,500)	246,600	28,100	2,800	30,900
DP Capital Outlay	2,200	0	0	0	0	0
Other Charges/Pass Thru	71,328,500	85,558,600	(8,966,100)	76,592,500	6,333,000	82,925,500
Total	\$73,510,600	\$86,737,300	(\$7,980,900)	\$78,756,400	\$6,275,000	\$85,031,400
Other Data						
Budgeted FTE	14	12	1	13	0	13
Actual FTE	10	0	0	0	0	0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.